

Independent Oversight and Performance Assurance

Executive Budget Summary

Mission

The Office of Independent Oversight and Performance Assurance is the Department of Energy's exclusive focal point for independent evaluation of safeguards, security, emergency management, and cyber security. It has the expertise and skilled personnel needed to efficiently provide the Department of Energy's line management programs with the tools and independent program assessments required to preserve and effectively protect critical national security interests at Department of Energy (DOE) sites.

The Office of Independent Oversight and Performance Assurance is funded in the Other Defense Activities appropriation. The Other Defense Activities program includes: Safeguards and Security Evaluations, Emergency Management Oversight, Cyber Security and Special Reviews, and a Program Direction decision unit.

The Office of Independent Oversight and Performance Assurance mission is one of the Department of Energy's highest priorities. The need for effective independent programs to identify safeguards and security, cyber security, and emergency management operations concerns at DOE sites is extremely critical. The downsizing and realignment of the weapons production efforts will necessitate changes in the conduct of operations. Therefore, safeguards and security, cyber security, and emergency management operations concerns are in the forefront of the Nation's protection of security interests.

Mission Supporting Goals and Objectives

The Office of Independent Oversight and Performance Assurance's overall major goals and objectives are as follows:

- # Provide the Secretary of Energy and senior Departmental managers with an independent assessment of the effectiveness of Departmental policy and site performance in the areas of safeguards and security, emergency management, cyber security, and other critical functions.
- # Provide a standardized corporate independent oversight process to assess the effectiveness of safeguards and security programs throughout the Department of Energy. To accomplish the goal of corporate independent oversight, the following objectives have been established: (1) identify, prioritize, and target Departmental needs for independent oversight; and (2) sustain a coordinated and consistent independent oversight for the Department of Energy.
- # Conduct the independent oversight mission in an open, trustworthy, and responsive manner. To accomplish this goal, Independent Oversight and Performance Assurance's objectives are: (1) establish and implement programs that strengthen Congress' and the public's trust and confidence in the Department of Energy's

safeguards and security programs; and (2) promote continuous improvement to ensure national security assets are adequately protected.

The legal requirements that affect the activities of the Independent Oversight and Performance Assurance organization include legislation such as the Atomic Energy Act of 1954, as amended, and the National Defense Authorization Act for Fiscal Year 1995.

Strategy

The Office of Independent Oversight and Performance Assurance's strategic objective is to ensure that the Department of Energy is protecting the critical national security interests of the United States.

To accomplish this objective, the Office of Independent Oversight and Performance Assurance conducts independent oversight activities that provide a comprehensive status of the effectiveness of safeguards and security, cyber security, and emergency management programs at Department of Energy facilities, as well as other topics directed by the Secretary of Energy. Comprehensive safeguards and security evaluations provide the Secretary of Energy with validated appraisals of the effectiveness of DOE policy and its implementation.

To effectively carry out its mission, the Office requires a staff with the expertise and skill necessary to provide information needed to protect and preserve national security interests at Departmental sites. An Independent Oversight and Performance Assurance staffing plan has identified the most critical functions and closely matched personnel to fit those needs. The Federal staff in FY 1999 was at 25 with a need for 42 full-time-equivalents in FY 2000 and in FY 2001. The Office of Independent Oversight and Performance Assurance has also analyzed how it utilizes support contractors and established specific criteria for their limited use. While Independent Oversight and Performance Assurance has some unique national-level experts, technical contractual services continues to be more practical and cost-effective, providing a surge pool of technical expertise on an as needed basis. The evolving needs for national-level expertise in a multitude of security disciplines can best be met through the use of contractors who can rapidly respond to the continually changing skills mix required of Independent Oversight and Performance Assurance activities across the Department of Energy.

Major Changes

In recognition of the critical importance of an effective safeguards and security program, the Secretary of Energy has created the "Office of Independent Oversight and Performance Assurance" as a direct report to the Secretary. This reporting relationship provides the Secretary of Energy and senior Departmental managers with an independent assessment of the effectiveness of Department of Energy policy and site performance in the areas of safeguards, security, emergency management, cyber security, and other critical functions as directed by the Secretary. The Office of Independent Oversight and Performance Assurance focuses on all aspects of safeguards and security, including physical protection of special nuclear material, accountability of special nuclear material, cyber security, protection of classified and sensitive information, personnel security, and foreign visits and assignments. The Office also provides independent oversight of all aspects of emergency

management programs, including emergency planning, preparation, operations, and response. To avoid duplication of effort, the Office of Independent Oversight and Performance Assurance is the exclusive focal point for the Department of Energy Headquarters onsite safeguards and security, cyber security, and emergency management inspections.

To meet near-term needs, the Office of Independent Oversight and Performance Assurance must significantly increase its frequency of inspections over recent levels, which have fallen in the past four years. In addition, the Office must dramatically increase independent oversight activities in the cyber security arena to meet the Secretary of Energy’s commitments to Congress.

Funding Profile

| | FY 1999 Current Appropriation | FY 2000 Original Appropriation | FY 2000 Adjustments | FY 2000 Current Appropriation | FY 2001 Request |
|--|-------------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------|
| Other Defense Activities | | | | | |
| Operating Expenses | | | | | |
| Oversight | 0 | 3,000 | -99 ^a | 2,901 | 0 |
| Program Direction | 0 | 2,000 | | 2,000 | 14,937 |
| Subtotal, Independent Oversight and Performance Assurance ^b | 0 | 5,000 | -99 | 4,901 | 14,937 |
| General Reduction | 0 | -81 | +81 | 0 | 0 |
| Total, Independent Oversight and Performance Assurance ^c | 0 | 4,919 | -18 | 4,901 | 14,937 |

Public Law Authorization:

Public Law 83-703, "Atomic Energy Act of 1954"

^aIncludes \$81,000 contractor travel savings and \$18,000 rescission pursuant to the Consolidated Appropriations Act, FY2000.

^bIn FY 1999, \$1,600,000 was reprogrammed (number 99-R-27) in the EH Other Defense Activities account for the expanded safeguards and security oversight activities. This provided for an additional four safeguards and security inspections (+\$1,200,000), an additional four cyber security reviews (+\$200,000), and an additional four emergency management reviews (+\$200,000).

^cThe funding for FY 1999 and FY 2000 comes from the EH Other Defense Activities Oversight budget. In FY 1999, \$4,400,000 was used for operating and \$3,365,000 for 25 full-time-equivalents (FTE) and with the \$1,600,000 totals \$9,462,000. In FY 2000, \$3,700,000 was for operating and \$3,462,000 for 25 FTEs in program direction and with the \$4,901,000 totals \$12,063,000.

Staffing Profile

| | (Whole FTEs) | | |
|--|--------------------------|------------------------------|--------------------|
| | FY 1999 Appropriation | FY 2000 Budget Request | FY 2001 Request |
| Full-Time-Equivalents | | | |
| Other Defense Activities | 0 | 13 | 42 |
| Total, Full-Time-Equivalents ^a | 0 | 13 | 42 |

Funding by Site

| | (dollars in thousands) | | | | |
|---|------------------------|--------------|---------------|----------------|----------------|
| | FY 1999 | FY 2000 | FY 2001 | \$ Change | % Change |
| Albuquerque Operations Office | | | | | |
| Allied Signal | 0 | 0 | 250 | +250 | 100.0% |
| Richland Operations Office | | | | | |
| Pacific Northwest National Laboratory | 0 | 0 | 250 | +250 | 100.0% |
| All Other Sites | | | | | |
| Washington Headquarters | 0 | 4,901 | 14,437 | +9,536 | +194.6% |
| Total, Independent Oversight and Performance Assurance | 0 | 4,901 | 14,937 | +10,036 | +204.8% |

Program Performance Measures

Performance measures are primarily qualitative rather than quantitative. However, some performance measures are:

^aTwenty-five full-time-equivalents are transferred from the Office of Environment, Safety and Health reflecting a total full-time-equivalent of 38 for FY 2000.

- # Conduct safeguards and security evaluations at 20 major sites per year to provide an independent assessment of the status of safeguards and security programs for the Secretary and to establish a baseline of findings in a database designed to track and measure improvement in these areas at sites throughout the Department.
- # Perform continuous cyber security inspections and no-notice reviews at 14 major Departmental sites per year to improve oversight of cyber security and establish a baseline of issues through a new function dedicated solely to cyber security reviews, unannounced inspections, offsite monitoring of Internet security, and controlled attempts to penetrate security firewalls. This new function represents a substantial increase over previous efforts to evaluate cyber security within the Department.
- # Provide for the dedicated oversight of emergency management issues at Department of Energy Headquarters and 15 major Departmental sites. This new function will focus solely on the effectiveness of the Department's emergency management programs and establish a performance baseline of the status of these programs throughout the Department.
- # Conduct special complex-wide reviews of Personnel Security, Material Control and Accountability, and Foreign Visits and Assignments programs to determine their effectiveness across the complex. Findings and issues associated with these programs will be maintained in a database to track corrective actions and assist in measuring improvement in these critical areas throughout the Department of Energy.

Glenn S. Podonsky
Director
Independent Oversight and Performance Assurance

Date

Independent Oversight and Performance Assurance

Other Defense Activities

Program Mission

The Office of Independent Oversight and Performance Assurance is a corporate resource that performs independent oversight to verify that Department of Energy (DOE) security interests are protected and that DOE can respond to emergencies. The Office is committed to excellence and continuously strives for improvement by conducting independent oversight of safeguards and security performance. The hallmark and highest priority of all Independent Oversight and Performance Assurance activities is daily excellence in the protection of the workers and the Nation. The Office of Independent Oversight and Performance Assurance activities are concentrated within one decision unit: Independent Oversight and Performance Assurance, Program Direction.

Oversight activities provide information and analysis needed to ensure that the Secretary of Energy, the Department of Energy and contractor management, and Congress have an accurate, comprehensive understanding of the effectiveness, vulnerabilities, and trends of the Department's safeguards and security policies and programs. These activities include Safeguards and Security Evaluations, Cyber Security, and Special Reviews and Emergency Management Reviews.

Program Goal

The goal of the Independent Oversight and Performance Assurance activities is to continually provide excellent Department-wide independent safeguards and security oversight to:

- # Provide consistent, multi-disciplinary, credible processes for independently evaluating the effectiveness of safeguards and security programs.
- # Promote actions that prevent recurrence of national security problems.
- # Ensure initiatives relative to safeguards and security, cyber security, and emergency management operations throughout the complex are analyzed and disseminated as appropriate.
- # Ensure that follow-up and corrective actions for safeguards and security, cyber security, and emergency management oversight activities are effective.

Program Objectives

- # Identify, prioritize, and conduct evaluations to determine the effectiveness of the Department's safeguards and security and emergency management policies and programs by providing coordinated and consistent independent oversight.
- # Report evaluation results to the Secretary, Department of Energy senior management, and the Congress.

- # Provide information to senior management that helps improve the performance and effectiveness of the Department's Federal workforce and contractor employees in matters related to safeguards and security and emergency management.
- # Collect, analyze and disseminate lessons learned and exemplary practices to enhance performance.

Performance Measures

Performance measures are primarily qualitative rather than quantitative. However, some performance measures are:

- # Conduct safeguards and security evaluations at 20 major sites per year to provide an independent assessment of the status of safeguards and security programs for the Secretary and to establish a baseline of findings in a database designed to track and measure improvement in these areas at sites throughout the Department.
- # Perform continuous cyber security inspections and no-notice reviews at 14 major Departmental sites per year to improve oversight of cyber security and establish a baseline of issues through a new function dedicated solely to cyber security reviews, unannounced inspections, offsite monitoring of Internet security, and controlled attempts to penetrate security firewalls. This new function represents a substantial increase over previous efforts to evaluate cyber security within the Department.
- # Provide for the dedicated oversight of emergency management issues at Department of Energy Headquarters and 15 major Departmental sites. This new function will focus solely on the effectiveness of the Department's emergency management programs and establish a performance baseline of the status of these programs throughout the Department.
- # Conduct special complex-wide reviews of Personnel Security, Material Control and Accountability, and Foreign Visits and Assignments programs to determine their effectiveness across the complex. Findings and issues associated with these programs will be maintained in a database to track corrective actions and assist in measuring improvement in these critical areas throughout the Department.

Significant Accomplishments and Program Shifts

The Department has consolidated the management of the National Security programs. The Secretary has created the "Office of Independent Oversight and Performance Assurance" as a direct report to the Secretary. This reporting relationship provides the Secretary of Energy and senior Departmental managers with an independent assessment of the effectiveness of Department of Energy policy and site performance in the areas of safeguards, security, emergency management, cyber security, and other critical functions as directed by the Secretary. The Office of Independent Oversight and Performance Assurance focuses on all aspects of safeguards and security, including physical protection of special nuclear material, accountability of special nuclear material, cyber security, protection of classified and sensitive information, personnel security, and foreign visits and assignments. The Office also provides independent oversight of all aspects of emergency management programs, including emergency planning, preparation, operations, and response. To avoid

duplication of effort, the Office of Independent Oversight and Performance Assurance is the exclusive focal point for Department of Energy Headquarters inspections of Department sites in the areas of safeguards and security and emergency management.

Significant accomplishments and program shifts are defined within the respective business line description that follows.

Funding Profile

| | FY 1999 Current Appropriation | FY 2000 Original Appropriation | FY 2000 Adjustments | FY 2000 Current Appropriation | FY 2001 Request |
|---|-------------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------|
| Other Defense Activities | | | | | |
| Operating Expenses | | | | | |
| Independent Oversight and Performance Assurance ^a | 0 | 3,000 | -99 ^b | 2,901 | 0 |
| Program Direction | 0 | 2,000 | | 2,000 | 14,937 |
| Subtotal, Other Defense Activities | 0 | 5,000 | -99 | 4,901 | 14,937 |
| General Reduction | 0 | -81 | +81 | 0 | 0 |
| Total, Independent Oversight and Performance Assurance ^c | 0 | 4919 | -18 | 4,901 | 14,937 |

Public Law Authorization:

Public Law 83-703, "Atomic Energy Act of 1954"

^aIn FY 1999, \$1,600,000 was reprogrammed in the EH Other Defense Activities account for the expanded safeguards and security oversight activities. This provided for an additional four safeguards and security inspections (+\$1,200,000), an additional four cyber security reviews (+\$200,000), and an additional four emergency management reviews (+\$200,000).

^bIncludes \$81,000 contractor travel savings and \$18,000 recission pursuant to the consolidated Appropriations Act, FY 2000.

^cThe funding for FY 1999 comes from the reprogramming of \$1,600,000 and from the EH Other Defense Activities account (\$4,400,000 for operating in oversight and \$3,365,000 for 25 full-time-equivalents in program direction). In FY 2000, \$3,700,000 was oversight operating and \$3,462,000 in program direction for 25 full-time-equivalents also in the EH Other Defense Activities account.

Funding by Site

(dollars in thousands)

| | FY 1999 | FY 2000 | FY 2001 | \$ Change | % Change |
|---|---------|---------|---------|--------------|-------------|
| Albuquerque Operations Office | | | | | |
| Allied Signal | 0 | 0 | 250 | +250 | 100.0% |
| Richland Operations Office | | | | | |
| Pacific Northwest National Laboratory | 0 | 0 | 250 | +250 | 100.0% |
| All Other Sites | | | | | |
| Washington Headquarters | 0 | 4,901 | 14,437 | +9,536 | +194.6% |
| Total, Other Defense Activities | 0 | 4,901 | 14,937 | +10,036 | +204.8% |

Site Description

Albuquerque Operations Office

Albuquerque Operations Office is located on Kirtland Air Force Base in Albuquerque, New Mexico. The primary mission continues to be stewardship and maintenance of the Nation's nuclear weapons stockpile.

Allied Signal

Allied Signal is located on Kirtland Air Force Base in Albuquerque, New Mexico. Allied Signal provides small forces engagement equipment base support for inspection activities. Technical support also includes performance testing inspections and Composite Adversary Team training and technical equipment for tactical exercises.

Richland Operations Office

Richland Operations Office, Richland, Washington, manages waste products; and develops, applies, and commercializes technologies.

Pacific Northwest National Laboratory

Pacific Northwest National Laboratory (PNNL), Richland, Washington, develops materials that address the oversight process and protocols that are used for program implementation, planning, analysis of evaluation results and trends, and compilation of policy issues related to the evaluations. PNNL provides technical support for recurring safeguards and security inspections, as well as site profile development and other special studies and reviews. PNNL also assists in tracking and trending corrective action, developing and disseminating lessons learned, and tracking issues related to the program for follow-up and analysis.

All Other Sites - Washington Headquarters (Includes Commercial Contracts, Other Federal Agencies, and Universities)

The evolving short-term needs for national-level expertise in a multitude of disciplines can best be met through the use of contractors who can rapidly respond to the continually changing skills mix required of the Office of Independent Oversight and Performance Assurance across the Department of Energy complex. Contract support is also more practical and cost-effective to provide a surge pool of technical expertise effectively and efficiently.

Contractors also provide technical expertise in conducting oversight activities at Department of Energy facilities. These activities include safeguards and security, emergency management, cyber security evaluations, special studies and reviews, and analyses utilizing specialized technical expertise to obtain an appropriate skills mix and surge capability.

Independent Oversight and Performance Assurance

Mission Supporting Goals and Objectives

The mission of the Independent Oversight and Performance Assurance program is to provide the Secretary of Energy, senior Departmental managers, and Congress with an independent assessment of the effectiveness of Department of Energy policy and site performance in the areas of safeguards, security, emergency management, and other critical functions as directed by the Secretary. The Office of Independent Oversight and Performance Assurance will be the exclusive focal point for Department of Energy Headquarters onsite inspections of Departmental sites in all areas of safeguards and security, emergency management, and cyber security. The primary goal of the Office of Independent Oversight and Performance Assurance is to be a catalyst that promotes constructive change in the Department's safeguards and security programs. This goal is accomplished by: providing an independent evaluation and analysis of the status of safeguards and security programs; accurately reporting the status; and conducting timely follow-up activities to validate that appropriate corrective actions are being taken.

In order for the Office of Independent Oversight and Performance Assurance to achieve its mission, it requires the technical support of national-level experts that are at least comparable to Federal personnel at the excepted service level. While Independent Oversight and Performance Assurance has some unique, national-level experts, these are insufficient to perform all necessary oversight activities. Further, because of the nature of the activities, contract support continues to be more practical and cost-effective to provide a surge pool of technical experts than expanding the Federal oversight staff for a number of reasons:

- # Peak loads associated with onsite inspections make it more effective and efficient to use contractor personnel who are tasked only when needed.
- # The need for evaluators with national-level expertise in different technical disciplines (ranging from cyber security to nuclear material control and accountability) is more efficiently provided by contractors. The needs for various technical expertise are continually evolving and frequently change as new needs are identified. Such evolving needs can best be met through use of contractors as the Federal staff and personnel systems are unable to rapidly respond to the continually changing skills mix.

Similarly, because of the nature of Independent Oversight and Performance Assurance activities and the intense scrutiny that Independent Oversight and Performance Assurance is under, Independent Oversight and Performance Assurance reviews must be performed in a manner that is demonstrably unbiased.

The mission of the Independent Oversight and Performance Assurance program is accomplished through the following key activities:

Safeguards and Security Evaluations perform regular evaluations of safeguards and security programs at Department of Energy sites that have significant amounts of special nuclear material, classified information, or other security interests. The scope of the evaluations includes any or all aspects of safeguards and security, including physical protection of special nuclear material, accountability of special nuclear material, cyber security, protection of classified and sensitive information, personnel security, and foreign visits and assignments.

Cyber Security and Special Reviews perform regular assessments of classified and unclassified computer security programs at Department of Energy sites and establish and maintain a continuous program for assessing Internet security to include offsite scanning and controlled penetration attempts to detect vulnerabilities that could be exploited by hackers and to ensure that these vulnerabilities are corrected by line management.

Emergency Management Oversight perform regular assessments of emergency management programs at DOE sites that have significant amounts of special nuclear material or other hazards.

The following commitment, made in the Performance Agreement with the Secretary, is being accomplished:

Through independent oversight, provide information and analysis of the effectiveness, vulnerabilities, and trends of the Department's safeguards and security policies and programs to the Secretary and senior Department of Energy management.

Salaries and Benefits provide funding for a Federal staff (FY99: 0 FTE; FY00: 13 FTE; FY01: 42 FTE) who have the technical expertise required to carry out the essential Independent Oversight and Performance Assurance mission. The mission requires experts to provide the Department with Independent Oversight and Performance Assurance capability across the DOE complex.

Travel includes all costs of transportation, subsistence, and incidental travel expenses of Federal employees in accordance with Federal Travel Regulations.

Other Related Expenses includes training for Federal staff and the Working Capital Fund.

Significant Accomplishments

Safeguards and Security Evaluations

Conduct an ongoing program of safeguards and security evaluations (20 per annum) and site profiles of major sites each year, which determines the effectiveness of the protection of nuclear weapons components, special nuclear material, and classified and sensitive information. Through the development of safeguards and security profiles, the Office of Independent Oversight and Performance Assurance has maintained a comprehensive baseline of safeguards and security programs throughout the Department. Continue to revise and refine evaluation methods and procedures that focus on the principal elements of the safeguards and security program. This also includes the dissemination of useful tools to increase the effectiveness of field programs. Develop a program infrastructure that provides for an effective independent oversight program, including policies and procedures, handbooks, information management systems, and tools. Develop an electronic document management and tracking system that provides for retention, storing, and tracking of Office of Independent Oversight and Performance Assurance documents, as well as linkage to Department of Energy information databases and other information sources. Provide for weapons simulation systems to perform realistic performance exercises. Increase the number and frequency of onsite inspections to meet programmatic needs and restore credibility and confidence in DOE security effectiveness. In FY 1999, Safeguards and Security Evaluations included follow-up reviews at Kansas City, Savannah River, and Hanford. Full inspections were conducted at Lawrence Livermore National

Laboratory, Sandia National Laboratories/New Mexico, and Los Alamos National Laboratory. FY 2000 planned evaluations include Y-12 Plant in Oak Ridge, Tennessee, and the Pantex Plant in Amarillo, Texas. Follow-up reviews will be conducted at Rocky Flats Environmental Technology Site, Transportation Safeguards Division, Los Alamos National Laboratory, Lawrence Livermore National Laboratory, and Sandia National Laboratories/California. Other evaluation sites are still to be determined. In FY 1999, the Office of Independent Oversight and Performance Assurance conducted follow-up of Oversight Evaluation of Emergency Management Programs across the DOE complex; in addition, reviews of Brookhaven National Laboratory/New Mexico were completed. (FY99: \$0; FY00: \$1,800; FY01: \$6,057)

- # Perform special reviews and studies (2 to 3 per annum) of policies, programs, and their implementation in the field to identify needed program corrections. Streamlining of operations has produced cost-effective results. Special complex-wide reviews will include but not be limited to Personnel Security, Material Control and Accountability, and Foreign Visits and Assignments. FY 1999 reviews included Limited Reviews of DOE Unclassified Computer Systems. Cyber Security Program Reviews and Remote Scanning Operations will be performed. (FY99: \$0; FY00: \$400; FY01: \$600)

Cyber Security and Special Reviews

- # Perform continuous inspections and no-notice reviews of 14 major sites (14 reviews plus Headquarters per annum) of DOE computer systems. Establish and maintain a continuous program for assessing Internet security to include offsite scanning and controlled penetration attempts to detect vulnerabilities that could be exploited by hackers and to ensure that these vulnerabilities are corrected by line management. Perform follow-up reviews to ensure corrective actions are effective. Perform complex-wide studies of issues and generic weaknesses in computer security programs. Significantly increase independent oversight of cyber security to prevent recurrence of security breaches and implement the Secretary of Energy's commitments and initiatives. (FY99: \$0; FY00: \$400; FY01: \$1,000)

Emergency Management Oversight

- # Perform annual inspection of critical operations programs (15 reviews plus Headquarters per annum) at 15 major DOE sites and Headquarters. The field sites have significant amounts of special nuclear material or other hazards. Evaluate and assess DOE policies related to emergency management. Perform follow-up reviews to ensure corrective actions are effective. Perform complex-wide studies of issues and generic weaknesses in emergency management programs. In FY 2000, follow-up reviews will be conducted at Oak Ridge National Laboratory and Y-12, Miamisburg Environmental Management Project, Transportation Safeguards Division and Lawrence Livermore National Laboratory. Other FY 2000 activities include a compendium report of activities, Transportation Emergency Preparedness Program Review, Office of Emergency Management Oversight Planned Site Exercise, Evaluation of Full Participation Exercise (Transportation Safeguards Division), and Evaluation of Pantex Full-Participation Exercises. (FY 99: \$0; FY 00: \$400; FY01: \$800)

Salaries and Benefits

- # Salaries and Benefits for FY 2001 provide for 42 Federal full-time-equivalents (FTE) based on the Department's Strategic Alignment Initiative end of year allocations. Requested salaries and benefits funding

reflects the latest economic assumption (4.5%) provided by the Office of Management and Budget (OMB). In addition, funding is provided for worker's compensation payment to the Department of Labor, transit subsidies, and incentive awards. The requested funding of \$4,687,000 for FY 2001 represents the resources needed to support 42 FTEs in FY 2001. (FY99: \$0; FY00: \$1,650; FY01: \$4,780)

Travel

- # Travel requirements are consistent with support for the Independent Oversight and Performance Assurance Federal staff and include the Economic Assumption as provided by OMB. Travel includes all costs of transportation, subsistence, and incidental travel expenses of Independent Oversight and Performance Assurance Federal employees in accordance with Federal Travel Regulations. (FY99: \$0; FY00: \$350; FY01: \$800)

Other Related Expenses

- # Other related expenses includes tuition/training costs for Independent Oversight and Performance Assurance Federal employees. (FY99: \$0; FY00: \$0; FY01: \$50)
- # Other related expenses includes Independent Oversight and Performance Assurance Working Capital Fund charges for rental of office space, building maintenance and occupancy, telephone and network communication costs, utilities, computer/video support, printing and graphics, photocopying, postage, office supplies and equipment, electronic services, payroll processing, contract closeouts, and the Corporate Executive Information System. A Working Capital Fund was established in FY 1997 to allocate the cost of common administrative services to the recipient organizations. (FY99: \$0; FY00: \$0; FY01: \$850)

Funding Schedule

(dollars in thousands)

| | FY 1999 | FY 2000 | FY 2001 | \$ Change | % Change |
|---|----------|--------------|---------------|----------------|---------------|
| Independent Oversight and Performance Assurance | 0 | 2,901 | 8,457 | +5,556 | +191.5% |
| Salaries and Benefits | 0 | 1,650 | 4,780 | +3,130 | +189.7% |
| Travel | 0 | 350 | 800 | +450 | +128.6% |
| Other Related Expenses | 0 | 0 | 900 | +900 | +100.0% |
| Total, Independent Oversight and Performance Assurance | 0 | 4,901 | 14,937 | +10,036 | 204.8% |
| Full-Time-Equivalents ^a | 0 | 13 | 42 | +29 | +223.1% |

^a25 FTEs were funded in FY 1999 and FY 2000 in the EH Other Defense Activities appropriation.

Detailed Program Justification

(dollars in thousands)

| FY 1999 | FY 2000 | FY 2001 |
|---------|---------|---------|
|---------|---------|---------|

Safeguards and Security Evaluations

The oversight functions, that directly relate to DOE’s national security interests outlined in its strategic plan, are well developed. They predate the Office of Oversight by over eight years in the form of the Office of Security Evaluations, incorporated as part of the Office of Oversight in late 1994, and as part of the Office of Independent Oversight and Performance Assurance in 1999. In addition to recruiting qualified staff, the Office of Independent Oversight and Performance Assurance has developed programs to ensure these individuals maintain a high degree of competence. As a direct result of the experiences and expertise developed within the Office of Independent Oversight and Performance Assurance, it is able to provide tools and share information (handbooks, videotapes, and lessons learned) with numerous organizations within the Department. This is an important “information sharing” effort carried out by an organization in an ideal position to do so. The funding level has been developed over a long period of time by experience, by the expressed needs of the safeguards and security communities, through numerous budget preparations, and is well established. The funding level is appropriate, and therefore, represents a continuation of this important program, the only one of its kind in the Department. The funding levels need to be restored to previous levels to meet the Secretary’s commitment to reinforce oversight of DOE security programs. The internal, continuous improvement and certification program directly supports the mission of the Office of Independent Oversight and Performance Assurance and, therefore, contributes directly to the strategic goals of the Department. The program has directly contributed to significant reductions in recurrence of safeguards and security issues and is linked to fulfilling the national security responsibilities outlined in the strategic plans, specifically: to effectively support and maintain a safe, secure, and reliable enduring stockpile and is tied directly to performance measures relating to trends, consistency, and quality of oversight products.

| | | | |
|--|---|-------|-------|
| | 0 | 1,800 | 6,057 |
|--|---|-------|-------|

(dollars in thousands)

| FY 1999 | FY 2000 | FY 2001 |
|---------|---------|---------|
|---------|---------|---------|

Special studies and reviews have been an important part of the Office of Security Evaluations and, later, the Office of Oversight, and now the Office of Independent Oversight and Performance Assurance. Issues and problems not normally covered by the more traditional oversight functions (i.e., safeguards and security inspections, follow-up activities, and analysis efforts) are often referred to the Office of Independent Oversight and Performance Assurance. These kinds of reviews and special studies conducted by the Office of Independent Oversight and Performance Assurance have contributed to a particular issue in which senior DOE managers were interested. This has been a recurring and appropriate function for the independent oversight program, a program best suited to provide an unbiased evaluation of a particular Departmental issue. The funding level reflects an increased need for studies in accordance with the need to improve the effectiveness and efficiency of DOE security programs. Especially with increased efficiencies of operations, the funding level is appropriate as determined over time through experience in dealing with the more non-traditional type of oversight reviews and studies. This function is linked to increased customer satisfaction with oversight priorities, timeliness, consistency, and quality. Also, by providing senior managers with an independent view of particular issues, this function directly supports DOE's business line listed in its strategic plan on national security.

0 400 600

(dollars in thousands)

| FY 1999 | FY 2000 | FY 2001 |
|---------|---------|---------|
|---------|---------|---------|

Cyber Security and Special Reviews

Cyber security reviews are dedicated solely to multi-faceted reviews of cyber security, including unannounced inspections, offsite monitoring of Internet security, controlled attempts to penetrate security firewalls, and other measures. This new and much needed function is a substantial increase over previous efforts to evaluate cyber security, which were resource limited and consisted of periodic onsite inspections. The funding level has been determined by experience with similar activities. Therefore, the funding level is important and appropriate. An investment in cyber security oversight will result in more improvements in security for less money than any hardware upgrades. It is a demonstrated fact that most security breaches result, not from lack of hardware, but from inadequate implementation of security features, failure to correct known vulnerabilities, poor security awareness, poor user training, poor configuration control, and other such lapses. These vulnerabilities are best detected and corrected by a strong independent oversight program. The function enhances the independent oversight program and directly contributes to the cyber security goals of the Office of Independent Oversight and Performance Assurance as well as the Department and Presidential directives.

| | | |
|---|-----|-------|
| 0 | 400 | 1,000 |
|---|-----|-------|

Emergency Management Oversight

The evaluation program can detect and correct weaknesses efficiently. The lack of emergency management oversight is one of the factors that contributed to poor performance in this area, as evidenced by the problems responding to accidents at Hanford and Idaho. The funding level is important and appropriate. The function enhances the independent oversight program and directly contributes to the safeguards and security goals of the Office of Independent Oversight and Performance Assurance

| | | |
|---|-----|-----|
| 0 | 400 | 800 |
|---|-----|-----|

(dollars in thousands)

| FY 1999 | FY 2000 | FY 2001 |
|---------|---------|---------|
|---------|---------|---------|

Salaries and Benefits

Salaries and Benefits include the Economic Assumption provided by OMB. Funds full-time permanent employees: salaries, overtime pay, cash incentive awards, lump sum payments, Senior Executive Service and other performance awards, workman’s compensation. Increase is due to cost of living, locality pay, within-grades, promotions, and awards. 0 1,650 4,780

Travel

Independent Oversight and Performance Assurance travel requirements that include on-site inspections. The travel estimate reflects escalation of costs for airfare, lodging, etc. 0 350 800

Other Related Expenses

Includes tuition costs for the Independent Oversight and Performance Assurance Federal employees. 0 0 50

This provides for the Working Capital Fund (administered by the Office of Management and Administration) which covers non-discretionary prorated costs such as space utilization, computer and telephone usage, mail service, supplies and electronic services and training for Federal staff which includes tuition costs for Independent Oversight and Performance Assurance Federal employees. 0 0 850

Subtotal, Independent Oversight and Performance Assurance 0 5,000 14,937

General Reduction 0 -81 0

Total, Independent Oversight and Performance Assurance 0 4,901 14,937

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001 vs.
FY 2000
(\$000)

The Secretary has created the Office of Independent Oversight and Performance Assurance as a direct report in order to provide the Secretary and Senior Departmental managers with an independent assessment capability. This Office is the exclusive focal point for the Department of Energy onsite Safeguards and Security, Cyber Security, and Emergency Management inspections. To meet these requirements, the Office of Independent Oversight and Performance Assurance must significantly increase its frequency of inspections over recent levels, which have decreased in the past four years. This increase is consistent with the increased Oversight activities initiated in FY 1999 and funded at that time with Departmental reprogrammed funds of \$1,600,000. In addition, operating funds (\$4,400,000) and program direction funds (\$3,365,000) were funded in the EH Other Defense Activities account. In FY 2000, the supplemental budget of \$5,000,000 (\$3,000,000 for operating and \$2,000,000 for program direction) are reflected in this account while operating funds (\$3,700,000) and program direction funds (\$3,462,000) for 25 FTEs in FY 2000 are in the EH Other Defense Activities account. In addition, this Office must dramatically increase independent oversight activities in the Cyber Security arena to meet the Secretary of Energy's commitments to Congress and the public. Funding request for FY 2001 reflects the transfer of operating dollars and program direction from EH Other Defense Activities

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| | +10,036 |
| Total Funding Change, Independent Oversight and Performance Assurance | +10,036 |